



HEALTH QUARTERLY STATEMENT

AS OF JUNE 30, 2004
OF THE CONDITION AND AFFAIRS OF THE

Priority Health Government Programs

NAIC Group Code	3383	3383	NAIC Company Code	11520	Employer's ID Number	32-0016523
	(Current Period)	(Prior Period)				
Organized under the Laws of	Michigan			State of Domicile or Port of Entry	Michigan	
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health [] Property/Casualty [] Dental Service Corporation [] Vision Service Corporation [] Other [] Health Maintenance Organization [X] Hospital, Medical & Dental Service or Indemnity [] Is HMO, Federally Qualified? Yes [] No [X]					
Date Incorporated	06/03/2002		Commenced Business	10/01/2002		
Statutory Home Office	1231 East Beltline NE			Grand Rapids, MI 49525-4501		
	(Street and Number)			(City or Town, State and Zip Code)		
Main Administrative Office	1231 East Beltline		Grand Rapids, MI 49525-4501	616-464-8325		
	(Street and Number)		(City or Town, State and Zip Code)	(Area Code) (Telephone Number)		
Mail Address	1231 East Beltline NE		Grand Rapids, MI 49525-4501			
	(Street and Number or P.O. Box)		(City or Town, State and Zip Code)			
Primary Location of Books and Records	1231 East Beltline		Grand Rapids, MI 49525-4501	616-464-8235		
	(Street and Number)		(City or Town, State and Zip Code)	(Area Code) (Telephone Number)		
Internet Website Address	www.priority-health.com					
Statutory Statement Contact	Malcolm Hall			616-464-8235		
	(Name)			(Area Code) (Telephone Number) (Extension)		
	malcolm.hall@priority-health.com			616-942-7916		
	(E-mail Address)			(FAX Number)		
Policyowner Relations Contact						
	(Street and Number)			(City or Town, State and Zip Code) (Area Code) (Telephone Number) (Extension)		

OFFICERS

Name	Title	Name	Title
Kimberly K Horn	Chief Executive Officer	Judith W Hooyenga	Secretary
Dennis J Reese	Chief Financial Officer		

OTHER OFFICERS

James F Byrne	Chief Medical Officer	Guy S Gauthier	COO and Director

DIRECTORS OR TRUSTEES

Sandra K Allen	Lenore Pickett		
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State of Michigan
County of Kent ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Kimberly K Horn
Chief Executive Officer

Judith W Hooyenga
Secretary

Dennis J Reese
Chief Financial Officer

Subscribed and sworn to before me this
13 day of 8, 2004

- a. Is this an original filing? Yes [X] No []
b. If no,
1. State the amendment number
2. Date filed
3. Number of pages attached

Cheryl Britcher, Executive Administrative Assistant
12/30/2005

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds	1,023,398		1,023,398	1,023,398
2. Stocks:				
2.1 Preferred stocks			0	0
2.2 Common stocks			0	0
3. Mortgage loans on real estate:				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate:				
4.1 Properties occupied by the company (less \$ encumbrances)			0	0
4.2 Properties held for the production of income (less \$ encumbrances)			0	0
4.3 Properties held for sale (less \$ encumbrances)			0	0
5. Cash (\$12,425,229), cash equivalents (\$0) and short-term investments (\$0)	12,425,229		12,425,229	8,188,075
6. Contract loans, (including \$premium notes)			0	0
7. Other invested assets	0	0	0	0
8. Receivable for securities			0	0
9. Aggregate write-ins for invested assets	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	13,448,627	0	13,448,627	9,211,473
11. Investment income due and accrued	6,631	1,573	5,058	6,180
12. Premiums and considerations:				
12.1 Uncollected premiums and agents' balances in the course of collection	181,037		181,037	49,033
12.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$earned but unbilled premiums)			0	0
12.3 Accrued retrospective premiums			0	0
13. Reinsurance:				
13.1 Amounts recoverable from reinsurers			0	0
13.2 Funds held by or deposited with reinsured companies			0	0
13.3 Other amounts receivable under reinsurance contracts			0	0
14. Amounts receivable relating to uninsured plans			0	0
15.1 Current federal and foreign income tax recoverable and interest thereon			0	0
15.2 Net deferred tax asset			0	0
16. Guaranty funds receivable or on deposit			0	0
17. Electronic data processing equipment and software			0	0
18. Furniture and equipment, including health care delivery assets (\$)			0	0
19. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
20. Receivables from parent, subsidiaries and affiliates	88,445	38,413	50,032	548,799
21. Health care (\$576,287) and other amounts receivable	841,337	265,050	576,287	758,807
22. Other assets nonadmitted			0	0
23. Aggregate write-ins for other than invested assets	0	0	0	0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	14,566,077	305,036	14,261,041	10,574,292
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
26. Total (Lines 24 and 25)	14,566,077	305,036	14,261,041	10,574,292
DETAILS OF WRITE-INS				
0901. Prepaid Expenses	0	0	0	0
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998)(Line 9 above)	0	0	0	0
2301.				
2302.				
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above)	0	0	0	0

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$0 reinsurance ceded)	3,952,294	518,015	4,470,309	4,287,601
2. Accrued medical incentive pool and bonus amounts	469,596		469,596	431,113
3. Unpaid claims adjustment expenses	80,659	10,572	91,231	87,502
4. Aggregate health policy reserves			0	0
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserve			0	0
7. Aggregate health claim reserves			0	0
8. Premiums received in advance	79		79	0
9. General expenses due or accrued	738,155		738,155	573,226
10.1 Current federal and foreign income tax payable and interest thereon (including \$ on realized capital gains (losses))			0	0
10.2 Net deferred tax liability.....			0	0
11. Ceded reinsurance premiums payable			0	0
12. Amounts withheld or retained for the account of others			0	0
13. Remittances and items not allocated			0	0
14. Borrowed money (including \$ current) and interest thereon \$ (including \$ current)			0	0
15. Amounts due to parent, subsidiaries and affiliates	593,710		593,710	510
16. Payable for securities			0	0
17. Funds held under reinsurance treaties with (\$ authorized reinsurers and \$unauthorized reinsurers)			0	0
18. Reinsurance in unauthorized companies			0	0
19. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
20. Liability for amounts held under uninsured accident and health plans			0	0
21. Aggregate write-ins for other liabilities (including \$ current)	0	0	0	0
22. Total liabilities (Lines 1 to 21).....	5,834,493	528,587	6,363,080	5,379,952
23. Common capital stock	XXX	XXX	10,000	10,000
24. Preferred capital stock	XXX	XXX		0
25. Gross paid in and contributed surplus	XXX	XXX	8,000,000	5,000,000
26. Surplus notes	XXX	XXX		0
27. Aggregate write-ins for other than special surplus funds	XXX	XXX	1,000,000	1,000,000
28. Unassigned funds (surplus)	XXX	XXX	(1,112,039)	(815,659)
29. Less treasury stock, at cost:				
29.1 .....shares common (value included in Line 23) \$)	XXX	XXX		0
29.2 .....shares preferred (value included in Line 24) \$)	XXX	XXX		0
30. Total capital and surplus (Lines 23 to 28 minus Line 29)	XXX	XXX	7,897,961	5,194,341
31. Total liabilities, capital and surplus (Lines 22 and 30)	XXX	XXX	14,261,041	10,574,293
DETAILS OF WRITE-INS				
2101.				
2102.				
2103.				
2198. Summary of remaining write-ins for Line 21 from overflow page	0	0	0	0
2199. Totals (Lines 2101 thru 2103 plus 2198) (Line 21 above)	0	0	0	0
2701. Appropriated Retained Earnings.....	XXX	XXX	1,000,000	1,000,000
2702.	XXX	XXX		
2703.	XXX	XXX		
2798. Summary of remaining write-ins for Line 27 from overflow page	XXX	XXX	0	0
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above)	XXX	XXX	1,000,000	1,000,000

STATEMENT OF REVENUE AND EXPENSES

	Current Year To Date		Prior Year To Date
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	188,620	134,761
2. Net premium income (including .....0 non-health premium income).....	XXX	26,954,510	16,690,819
3. Change in unearned premium reserves and reserve for rate credits	XXX		0
4. Fee-for-service (net of \$ medical expenses)	XXX		0
5. Risk revenue	XXX		0
6. Aggregate write-ins for other health care related revenues	XXX	(1,292,088)	(367,664)
7. Aggregate write-ins for other non-health revenues	XXX	0	0
8. Total revenues (Lines 2 to 7)	XXX	25,662,422	16,323,155
Hospital and Medical:			
9. Hospital/medical benefits		16,028,434	9,580,792
10. Other professional services		11,191	32,218
11. Outside referrals		847,721	828,654
12. Emergency room and out-of-area		1,305,906	983,537
13. Prescription drugs		5,148,716	4,611,663
14. Aggregate write-ins for other hospital and medical.....	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts.....			0
16. Subtotal (Lines 9 to 15)	0	23,341,968	16,036,864
Less:			
17. Net reinsurance recoveries			0
18. Total hospital and medical (Lines 16 minus 17)	0	23,341,968	16,036,864
19. Non-health claims			0
20. Claims adjustment expenses, including \$ 36,810 cost containment expenses.....		368,097	310,910
21. General administrative expenses.....		2,085,883	1,761,822
22. Increase in reserves for life and accident and health contracts including \$ increase in reserves for life only).....			0
23. Total underwriting deductions (Lines 18 through 22)	0	25,795,948	18,109,596
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	(133,526)	(1,786,441)
25. Net investment income earned		45,875	28,440
26. Net realized capital gains (losses)			0
27. Net investment gains (losses) (Lines 25 plus 26)	0	45,875	28,440
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$) (amount charged off \$)]			0
29. Aggregate write-ins for other income or expenses	0	0	2,500
30. Net income or (loss) before federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	(87,651)	(1,755,501)
31. Federal and foreign income taxes incurred	XXX		0
32. Net income (loss) (Lines 30 minus 31)	XXX	(87,651)	(1,755,501)
DETAILS OF WRITE-INS			
0601. QAAP Assessment.....	XXX	(1,292,088)	(367,664)
0602.	XXX		
0603.	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	XXX	(1,292,088)	(367,664)
0701.	XXX		
0702.	XXX		
0703.	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799. Totals (Lines 0701 thru 0703 plus 0798) (Line 7 above)	XXX	0	0
1401.			
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above)	0	0	0
2901. COB & Subrogation.....	0	0	2,500
2902.			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above)	0	0	2,500

CAPITAL AND SURPLUS ACCOUNT

	1 Current Year to Date	2 Prior Year
CAPITAL AND SURPLUS ACCOUNT:		
33. Capital and surplus prior reporting year.....	5,194,339	3,520,750
GAINS AND LOSSES TO CAPITAL & SURPLUS:		
34. Net income or (loss) from Line 32	(87,651)	(240,102)
35. Change in valuation basis of aggregate policy and claim reserves		0
36. Net unrealized capital gains and losses		0
37. Change in net unrealized foreign exchange capital gain or (loss)		0
38. Change in net deferred income tax		0
39. Change in nonadmitted assets	(208,727)	(96,309)
40. Change in unauthorized reinsurance	0	0
41. Change in treasury stock		0
42. Change in surplus notes	0	0
43. Cumulative effect of changes in accounting principles		0
44. Capital Changes:		
44.1 Paid in	0	10,000
44.2 Transferred from surplus (Stock Dividend)		0
44.3 Transferred to surplus		0
45. Surplus adjustments:		
45.1 Paid in	3,000,000	2,000,000
45.2 Transferred to capital (Stock Dividend)	0	0
45.3 Transferred from capital		0
46. Dividends to stockholders		0
47. Aggregate write-ins for gains or (losses) in surplus	0	0
48. Net change in capital & surplus (Lines 34 to 47)	2,703,622	1,673,589
49. Capital and surplus end of reporting period (Line 33 plus 48)	7,897,961	5,194,339
DETAILS OF WRITE-INS		
4701.		
4702.		
4703.		
4798. Summary of remaining write-ins for Line 47 from overflow page	0	0
4799. Totals (Lines 4701 thru 4703 plus 4798) (Line 47 above)	0	0

CASH FLOW

	1 Current Year To Date	2 Prior Year Ended December 31
Cash from Operations		
1. Premiums collected net of reinsurance.....	26,822,585	38,286,685
2. Net investment income	45,423	80,981
3. Miscellaneous income	(1,279,200)	2,537
4. Total (Lines 1 to 3)	25,588,808	38,370,203
5. Benefits and loss related payments	23,120,777	33,222,477
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts.....		0
7. Commissions, expenses paid and aggregate write-ins for deductions	2,285,322	3,568,712
8. Dividends paid to policyholders		0
9. Federal and foreign income taxes paid (recovered) \$ net of tax on capital gains (losses)	0	0
10. Total (Lines 5 through 9)	25,406,099	36,791,189
11. Net cash from operations (Line 4 minus Line 10)	182,709	1,579,014
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	0	0
12.2 Stocks	0	0
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	0
12.7 Miscellaneous proceeds	891	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	891	0
13. Cost of investments acquired (long-term only):		
13.1 Bonds	0	0
13.2 Stocks	0	0
13.3 Mortgage loans	0	0
13.4 Real estate	0	0
13.5 Other invested assets	0	0
13.6 Miscellaneous applications	0	891
13.7 Total investments acquired (Lines 13.1 to 13.6)	0	891
14. Net increase (or decrease) in policy loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	891	(891)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	0	0
16.2 Capital and paid in surplus, less treasury stock.....	3,000,000	2,010,000
16.3 Borrowed funds	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities		0
16.5 Dividends to stockholders	0	0
16.6 Other cash provided (applied).....	1,053,554	(1,856,392)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	4,053,554	153,608
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
18. Net change in cash and short-term investments (Line 11 plus Lines 15 and 17)	4,237,154	1,731,731
19. Cash and short-term investments:		
19.1 Beginning of period	8,188,075	6,456,344
19.2 End of period (Line 18 plus Line 19.1)	12,425,229	8,188,075

STATEMENT AS OF JUNE 30, 2004 OF THE Priority Health Government Programs

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10	11	12	13
		2	3										
	Total	Individual	Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other
Total Members at end of:													
1. Prior Year	29,072	.0	.0	.0	.0	.0	.0	.0	28,019	.0	.0	.0	1,053
2 First Quarter	30,976	.0	.0	.0	.0	.0	.0	.0	29,909	.0	.0	.0	1,067
3 Second Quarter	33,246								32,185				1,061
4. Third Quarter .....	.0												
5. Current Year	0												
6 Current Year Member Months	188,620								182,188	0			6,432
Total Member Ambulatory Encounters for Period:													
7. Physician	106,845								104,834				2,011
8. Non-Physician	2,898								2,843				55
9. Total	109,743	0	0	0	0	0	0	0	107,677	0	0	0	2,066
10. Hospital Patient Days Incurred	4,256								4,239				17
11. Number of Inpatient Admissions	1,241								1,232				9
12. Health Premiums Written	26,954,431								26,453,750				500,681
13. Life Premiums Direct.....	.0												
14. Property/Casualty Premiums Written .....	.0												
15. Health Premiums Earned	26,954,510								26,453,828				500,682
16. Property/Casualty Premiums Earned .....	.0												
17. Amount Paid for Provision of Health Care Services	23,120,776								22,752,511				368,265
18. Amount Incurred for Provision of Health Care Services	23,341,968								22,970,180				371,788

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UNDERWRITING AND INVESTMENT EXHIBIT
ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability Dec. 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid Dec. 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital & medical) .....					.0	.0
2. Medicare Supplement .....					.0	.0
3. Dental Only .....					.0	.0
4. Vision Only .....					.0	.0
5. Federal Employees Health Benefits Plan .....					.0	.0
6. Title XVIII - Medicare .....					.0	.0
7. Title XIX - Medicaid	3,690,481	19,344,180	54,453	4,415,856	3,744,934	4,287,601
8. Other Health .....					.0	.0
9. Health Subtotal (Lines 1 to 8).....	3,690,481	19,344,180	54,453	4,415,856	3,744,934	4,287,601
10. Other non-health .....					.0	.0
11. Medical incentive pools and bonus amounts	86,116			469,596	86,116	431,113
12. Totals	3,776,597	19,344,180	54,453	4,885,452	3,831,050	4,718,714

NOTES TO FINANCIAL STATEMENTS

1. Organization and Summary of Significant Accounting Policies

No material changes from year end disclosures.

2. Accounting Changes and Correction of Errors

No material changes from year end disclosures.

3. Business Combinations and Goodwill

No material changes from year end disclosures.

4. Discontinued Operations

No material changes from year end disclosures.

5. Investments

No material changes from year end disclosures.

6. Joint Ventures, Partnerships and Limited Liability Companies

No material changes from year end disclosures.

7. Investment Income

No material changes from year end disclosures.

8. Derivative Instruments

No material changes from year end disclosures.

9. Income Taxes

No material changes from year end disclosures.

10. Information Concerning Parent, Subsidiaries, and Affiliates

No material changes from year end disclosures.

11. Debt

No material changes from year end disclosures.

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

No material changes from year end disclosures.

13. Capital and Surplus, Shareholder's Dividend Restrictions, and Quasi-Reorganizations

No material changes from year end disclosures.

14. Contingencies

No material changes from year end disclosures.

15. Leases

No material changes from year end disclosures.

16. Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk

No material changes from year end disclosures.

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

This note is Not Applicable to the Plan.

18. Gain of Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans

NOTES TO FINANCIAL STATEMENTS

No material changes from year end disclosures.

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

No material changes from year end disclosures.

20. September 11 Events

No material changes from year end disclosures.

21. Other Items

No material changes from year end disclosures.

22. Events Subsequent

No material changes from year end disclosures.

23. Reinsurance

No material changes from year end disclosures.

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

No material changes from year end disclosures.

25. Change in Incurred Claims and Claim Adjustment Expenses

No material changes from year end disclosures.

26. Intercompany Pooling Arrangements

No material changes from year end disclosures.

27. Structured Settlements

No material changes from year end disclosures.

28. Health Care Receivables

No material changes from year end disclosures.

29. Participating Policies

No material changes from year end disclosures.

30. Premium Deficiency Reserves

No material changes from year end disclosures.

31. Anticipated Salvage and Subrogation

No material changes from year end disclosures.

GENERAL INTERROGATORIES

(Responses to these interrogatories should be based on changes that have occurred since the prior year end unless otherwise noted.)

PART 1 - COMMON INTERROGATORIES
GENERAL

- 1.1

Did the reporting entity implement any significant accounting policy changes which would require disclosure in the Notes to the Financial Statements?

Yes [] No [X]
- 1.2

If yes, explain:
.....
- 2.1

Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act?

Yes [] No [X]
- 2.2

If yes, has the report been filed with the domiciliary state?

Yes [] No []
- 3.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes [] No [X]
- 3.2

If yes, date of change:
If not previously filed, furnish herewith a certified copy of the instrument as amended.
4.

Have there been any substantial changes in the organizational chart since the prior quarter end?
If yes, complete the Schedule Y - Part 1 - organizational chart.

Yes [] No [X]
- 5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes [] No [X]
- 5.2

If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile
.....
.....
.....

6.

If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved?

If yes, attach an explanation.

Yes [] No [X] NA []
- 7.1

State as of what date the latest financial examination of the reporting entity was made or is being made.
- 7.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.
- 7.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).
- 7.4

By what department or departments?
.....
- 8.1

Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.)

Yes [] No [X]
- 8.2

If yes, give full information:
.....
- 9.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?.....

Yes [] No [X]
- 9.2

If response to 9.1 is yes, please identify the name of the bank holding company.
.....
- 9.3

Is the company affiliated with one or more banks, thrifts or securities firms?.....

Yes [] No [X]
- 9.4

If response to 9.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC
.....
.....
.....

GENERAL INTERROGATORIES
INVESTMENT

10.1 Has there been any change in the reporting entity's own preferred or common stock? Yes [] No [X]

10.2 If yes, explain:
.....

11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes [] No [X]

11.2 If yes, give full and complete information relating thereto:
.....

12. Amount of real estate and mortgages held in other invested assets in Schedule BA:\$0

13. Amount of real estate and mortgages held in short-term investments:\$0

14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes [] No [X]

14.2 If yes, please complete the following:

		1 Prior Year-End Statement Value	2 Current Quarter Statement Value
14.21	Bonds	\$	\$
14.22	Preferred Stock	\$	\$
14.23	Common Stock	\$	\$
14.24	Short-term Investments	\$	\$
14.25	Mortgages, Loans or Real Estate	\$	\$
14.26	All Other	\$	\$
14.27	Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26).....	\$0	\$0
14.28	Total Investment in Parent included in Lines 14.21 to 14.26 above	\$	\$
14.29	Receivable from Parent not included in Lines 14.21 to 14.26 above	\$	\$

15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? Yes [] No [X]

15.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No [X]

If no, attach a description with this statement.

16. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1 - General, Section IV.H - Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [] No [X]

16.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian Address

16.2 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

16.3 Have there been any changes, including name changes in the custodian(s) identified in 16.1 during the current quarter? Yes [] No [X]

16.4 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

16.5 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository	2 Name(s)	3 Address

SCHEDULE A - VERIFICATION

	1	2
	Year to Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	0	0
2. Increase (decrease) by adjustment		0
3. Cost of acquired		0
4. Cost of additions to and permanent improvements		0
5. Total profit (loss) on sales		0
6. Increase (decrease) by foreign exchange adjustment		0
7. Amount received on sales		0
8. Book/adjusted carrying value at end of current period	0	0
9. Total valuation allowance		0
10. Subtotal (Lines 8 plus 9)	0	0
11. Total nonadmitted amounts		0
12. Statement value, current period (Page 2, real estate lines, Net Admitted Assets column)	0	0

SCHEDULE B – VERIFICATION

	1	2
	Year to Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	0	0
2. Amount loaned during period:		
2.1. Actual cost at time of acquisitions		0
2.2. Additional investment made after acquisitions		0
3. Accrual of discount and mortgage interest points and commitment fees		0
4. Increase (decrease) by adjustment		0
5. Total profit (loss) on sale		0
6. Amounts paid on account or in full during the period		0
7. Amortization of premium		0
8. Increase (decrease) by foreign exchange adjustment		0
9. Book value/recorded investment excluding accrued interest on mortgages owned at end of current period	0	0
10. Total valuation allowance		0
11. Subtotal (Lines 9 plus 10)	0	0
12. Total nonadmitted amounts		0
13. Statement value of mortgages owned at end of current period (Page 2, mortgage lines, Net Admitted Assets column)	0	0

SCHEDULE BA – VERIFICATION

Other Invested Assets Included in Schedule BA

	1	2
	Year to Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	0	0
2. Cost of acquisitions during period:		
2.1. Actual cost at time of acquisitions		0
2.2. Additional investment made after acquisitions		0
3. Accrual of discount		0
4. Increase (decrease) by adjustment		0
5. Total profit (loss) on sale		0
6. Amounts paid on account or in full during the period		0
7. Amortization of premium		0
8. Increase (decrease) by foreign exchange adjustment		0
9. Book/adjusted carrying value of long-term invested assets at end of current period	0	0
10. Total valuation allowance		0
11. Subtotal (Lines 9 plus 10)	0	0
12. Total nonadmitted amounts		0
13. Statement value of long-term invested assets at end of current period (Page 2, Line 7, Column 3)	0	0

SCHEDULE D - VERIFICATION

	1	2
	Year to Date	Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	1,023,398	1,023,398
2. Cost of bonds and stocks acquired		0
3. Accrual of discount		0
4. Increase (decrease) by adjustment		0
5. Increase (decrease) by foreign exchange adjustment		0
6. Total profit (loss) on disposal		0
7. Consideration for bonds and stocks disposed of		0
8. Amortization of premium		0
9. Book/adjusted carrying value, current period	1,023,398	1,023,398
10. Total valuation allowance		0
11. Subtotal (Lines 9 plus 10)	1,023,398	1,023,398
12. Total nonadmitted amounts		0
13. Statement value	1,023,398	1,023,398

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1	1,023,398				1,023,398	1,023,398	.0	1,023,398
2. Class 2 .....	.0				.0	.0	.0	.0
3. Class 3 .....	.0				.0	.0	.0	.0
4. Class 4 .....	.0				.0	.0	.0	.0
5. Class 5 .....	.0				.0	.0	.0	.0
6. Class 6	0				0	0	0	0
7. Total Bonds	1,023,398	0	0	0	1,023,398	1,023,398	0	1,023,398
PREFERRED STOCK								
8. Class 1 .....	.0				.0	.0	.0	.0
9. Class 2 .....	.0				.0	.0	.0	.0
10. Class 3 .....	.0				.0	.0	.0	.0
11. Class 4 .....	.0				.0	.0	.0	.0
12. Class 5 .....	.0				.0	.0	.0	.0
13. Class 6	0				0	0	0	0
14. Total Preferred Stock	0	0	0	0	0	0	0	0
15. Total Bonds and Preferred Stock	1,023,398	0	0	0	1,023,398	1,023,398	0	1,023,398

Schedule DA - Part 1

NONE

Schedule DA - Part 2

NONE

Schedule DB - Part F - Section 1

NONE

Schedule DB - Part F - Section 2

NONE

STATEMENT AS OF JUNE 30, 2004 OF THE Priority Health Government Programs

SCHEDULE S—CEDED REINSURANCE

Showing All New Reinsurers - Current Year to Date

[illegible]

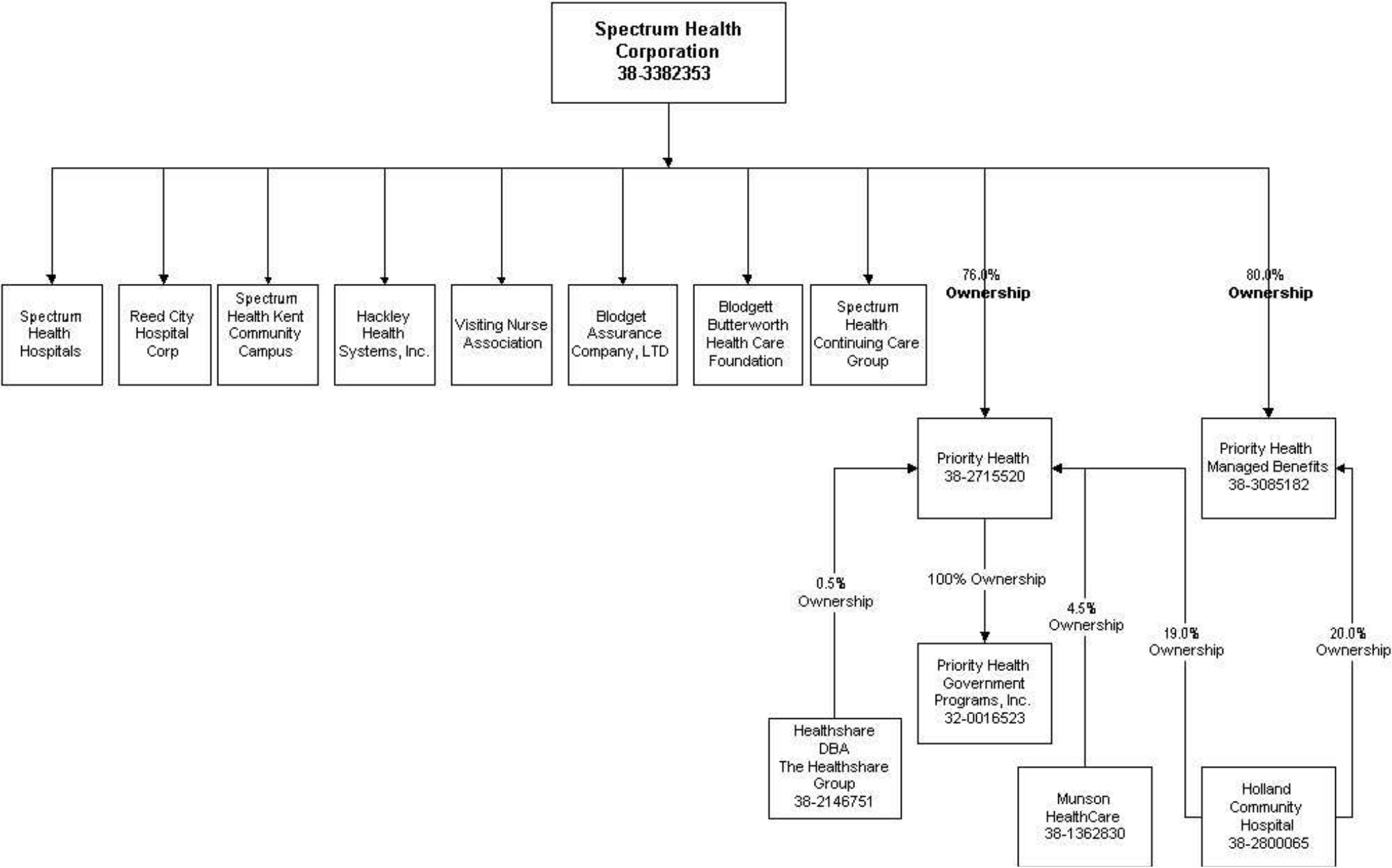
SCHEDULE T PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

		1	2	Direct Business Only Year-to-Date					
				3	4	5	6	7	8
States, Etc.		Guaranty Fund (Yes or No)	Is Insurer Licensed? (Yes or No)	Accident and Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefit Program Premiums	Life and Annuity Premiums and Deposit-Type Contract Funds	Property/ Casualty Premiums
1. Alabama	AL	No	No						
2. Alaska	AK	No	No						
3. Arizona	AZ	No	No						
4. Arkansas	AR	No	No						
5. California	CA	No	No						
6. Colorado	CO	No	No						
7. Connecticut	CT	No	No						
8. Delaware	DE	No	No						
9. District of Columbia	DC	No	No						
10. Florida	FL	No	No						
11. Georgia	GA	No	No						
12. Hawaii	HI	No	No						
13. Idaho	ID	No	No						
14. Illinois	IL	No	No						
15. Indiana	IN	No	No						
16. Iowa	IA	No	No						
17. Kansas	KS	No	No						
18. Kentucky	KY	No	No						
19. Louisiana	LA	No	No						
20. Maine	ME	No	No						
21. Maryland	MD	No	No						
22. Massachusetts	MA	No	No						
23. Michigan	MI	No	Yes			26,954,431			
24. Minnesota	MN	No	No						
25. Mississippi	MS	No	No						
26. Missouri	MO	No	No						
27. Montana	MT	No	No						
28. Nebraska	NE	No	No						
29. Nevada	NV	No	No						
30. New Hampshire	NH	No	No						
31. New Jersey	NJ	No	No						
32. New Mexico	NM	No	No						
33. New York	NY	No	No						
34. North Carolina	NC	No	No						
35. North Dakota	ND	No	No						
36. Ohio	OH	No	No						
37. Oklahoma	OK	No	No						
38. Oregon	OR	No	No						
39. Pennsylvania	PA	No	No						
40. Rhode Island	RI	No	No						
41. South Carolina	SC	No	No						
42. South Dakota	SD	No	No						
43. Tennessee	TN	No	No						
44. Texas	TX	No	No						
45. Utah	UT	No	No						
46. Vermont	VT	No	No						
47. Virginia	VA	No	No						
48. Washington	WA	No	No						
49. West Virginia	WV	No	No						
50. Wisconsin	WI	No	No						
51. Wyoming	WY	No	No						
52. American Samoa	AS	No	No						
53. Guam	GU	No	No						
54. Puerto Rico	PR	No	No						
55. U.S. Virgin Islands	VI	No	No						
56. Canada	CN	No	No						
57. Aggregate Other Alien	OT	XXX	XXX	0	0	0	0	0	0
58. Total (Direct Business)		XXX	(a) 1	0	0	26,954,431	0	0	0
DETAILS OF WRITE-INS									
5701.									
5702.									
5703.									
5798. Summary of remaining write-ins for Line 57 from overflow page				0	0	0	0	0	0
5799. Totals (Lines 5701 thru 5703 plus 5798) (Line 57 above)				0	0	0	0	0	0

(a) Insert the number of yes responses except for Canada and Other Alien.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART



SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of **NO** to the specific interrogatory will be accepted in lieu of filing on "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter **SEE EXPLANATION** and provide an explanation following the interrogatory question.

RESPONSE

1. Will the SVO Compliance Certification be filed with this statement?

.....YES.....

Explanation:

Bar Code:

OVERFLOW PAGE FOR WRITE-INS

Schedule A - Part 2

NONE

Schedule A - Part 3

NONE

Schedule B - Part 1

NONE

Schedule B - Part 2

NONE

Schedule BA - Part 1

NONE

Schedule BA - Part 2

NONE

Schedule D - Part 3

NONE

Schedule D - Part 4

NONE

Schedule DB - Part A - Section 1

NONE

Schedule DB - Part B - Section 1

NONE

Schedule DB - Part C - Section 1

NONE

Schedule DB - Part D - Section 1

NONE

